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PERFORMANCE MANAGEMENT  
AND THE VOLUNTARY SECTOR:  
A FINE ROMANCE?

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CHESTER BUSINESS SCHOOL

OCTOBER 2010

## **Abstract**

This research project considers the contribution that Performance Management principles and techniques have made to the Voluntary Sector's growing requirement to provide services to the Public Service and in particular to how specialist palliative care providers have responded to the commissioning agenda in the new health care economy.

The methodology adopted in this research uses a critical literature review and a small selection of semi-structured interviews to consider the introduction, implementation and effect of performance management and appraisal systems in the Voluntary Sector and the hospice movement.

The main findings of this project suggest that there is more research needed to establish the effective contribution that the renewed interest in human resource management has made within the Voluntary Sector.

**CHESTER BUSINESS SCHOOL**

**OCTOBER 2010**

**This work is original and has not been submitted previously for any academic purpose. All secondary sources are acknowledged.**

**Signed :** *David McClenaghan*

**Date :** **26 October 2010**

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## **Chapter 1**

### **Introduction**

This research considers the contribution of Human Resource Management (HRM) within the Voluntary Sector, with the focus particularly on Performance Management (PM) and Management Appraisal. The field of study will include the area of specialist palliative care provision, with two service provision organisations (hospices) contributing to the research. The research methods will be a critical literature review of the introduction, implementation and effect of PM, and will include the use of semi-structured interviews.

The two hospices involved in the study, used with permission but anonymised due to potential business sensitivities, will be called West of Scotland Hospice and North West England Hospice.

### **Background Theory and History to the Research Study**

It has been acknowledged that attempting to manage and assess performance has been a contentious exercise having its origins in organisational/management control which has resulted in de-motivated and disillusioned staff (Bratton and Gold, 2007). A seminal study in performance management appraisal was conducted in 1965 by Meyer et al where it was recognised that defensiveness was the usual response to appraisal and that, not surprisingly, ‘criticism had a negative effect on performance.’ Bratton and Gold (2007) provide a useful summary of the 1965 research findings, identifying six themes in Meyer’s research. Beginning with the rather obvious ‘criticism often has a negative effect on motivation and performance’ they make the point that performance has been noted to improve when specific goals are set, and thirdly, more favourable results are achieved when there is participation by the employee in the setting of these goals.

In terms of the individual performance review (IPR) there is general consensus in the literature, reviewed later, that coaching by managers should be day to day rather than just the customary once a year. However, the view that interviews designed primarily to improve performance should not at the same time weigh salary or promotion in the balance was challenged by an interviewee who felt that when excellent performance

was being discussed then the expectation of the employee would be that a legitimate reward, that is, salary increase, bonus, or possible future promotion, should not be excluded from the IPR. The final observation in the early (1965) study by Meyer et al that ‘praise has little effect – one way or another’ needs to be challenged in the modern era, and it was interesting that all of the interviewees disagreed with Meyer’s view quite strongly, emphasising the link between praise and self worth and the sense of being a valued member of a company with an interest in the personal development of their staff.

In acknowledgement of this last point it has also been recognised that the Public Sector’s ‘new managerialism’ or ‘new public management’ (Pollitt, 2000) has contributed, perhaps through the introduction of the individual performance review (IPR), to a greater understanding of the value of PM in setting objectives and pursuing personal development goals. (Redman, 2006). This new managerialism has also contributed to the introduction of a ‘Best Value’ framework within public and voluntary sectors, with the emphasis on a service user/patient engagement approach to performance management and measurement (Mwita, 2000).

### **Importance of the Research Study**

It may be however that it is this reorientation towards service users, for example, in terms of service delivery and quality standards, that has moved the Voluntary Sector to engage with sound HRM principles, acknowledging the increasing statutory framework of performance indicators, as outlined, for example, by Sheffield and Coleshill (2001). They asked a number of straightforward questions in their research in order to identify specific performance indicators which would be a minimum requirement if a voluntary service provider were to perform effectively in the Public Sector arena. In summary, Sheffield and Coleshill looked for answers as to why a service exists and what does it hope to achieve? What resources will be committed to the service and how efficiently will these resources be turned into outputs? They had questions also about how well a service was being operated in order to achieve the agreed strategic objectives, the quality of the services delivered, and did the user’s experience of the service explicitly reflect the quality agenda of the service? Linked to the service user’s experience questions were also asked about the ease and equality of access to services.

From this research five Performance Indicators were identified, namely, strategic objectives, cost/efficiency of resources, service delivery outcomes, quality of services (confirmed by user's experience), and fair access to services.

These Performance Indicators, linked as they are to the sector's quality agenda, underline the challenges facing a specialist care provider which seeks to build its capacity, develop an effective and efficient staff group in order to meet its obligations as a quality service provider to its stakeholders and the Public Sector. Exploring the link between sound HRM principles and performance in care provision would appear to be a rather neglected area of exploratory studies or empirical research compared to published research from industry and commerce. This is the point made by Cooke (2004) and Akingbola (2006) as they acknowledge that relatively little is known about the way in which human resources are managed. A similar point is also made by Parry & Kelliher (2009) in a study of the management of service provider organisations who note that voluntary sector organisations have 'traditionally not been known for their sophisticated approaches to human resource management'.

An example of the above point is provided in the Findings Section of this study where, used with permission, a 'before and after' experience of Performance Management was captured in the West of Scotland Hospice. Historically the Hospice had a very poor Performance Management and Appraisal system. A staff survey revealed the extent of employees' dissatisfaction and the lack of understanding and engagement by senior management. How the Hospice responded to this challenge provides a good example of a Voluntary Sector organisation getting to grips with the quality agenda and taking an appropriate, and ultimately successful, approach to Human Resource Management.

It is for these reasons that this research is deemed to be important. It is also worth noting that figures published by the National Council of Voluntary Organisations (NCVO) remind us that the contribution of the Voluntary Sector to the economy is not insignificant.

'In the UK about 688,000 are in paid employment in the not-for-profit sector, representing 2.2 per cent of the UK workforce. The number of employees in the sector increased by 26 per cent in the ten years from 1996. In 2005/2006 the sector had an income in the region of £31 billion and assets worth £86 billion.' (NCVO, 2008).



It is important therefore, in justifying this area of research, to acknowledge that in spite of its growing significance in the economy, 'it is an area which has not been subject to much empirical investigation in the UK.' (Alatrasta and Arrowsmith, 2004).

### **Expectation of the Researcher**

The expectation, therefore, of the author in undertaking this research is an increased understanding of Performance Management principles within the specified area of the Voluntary Sector, a raised awareness of the challenges for further implementation of these principles within his organisation, thus enhancing his abilities to bring improvements to the organisation. It is hoped the research will provide fresh insight into the impact Performance Management has had in the Voluntary Sector with an increased understanding of how the sector, including specialist palliative care provision, has improved its capability and capacity to compete for and deliver quality services.

It is in response to this agenda of organisational improvement and capacity building that the specialist care provider contributing to this research has developed strategic aims and goals in terms of staff and organisational development. The expectation of the researcher is that these organisational improvements and developments will resonate with the research findings. The two organisations being studied exist to deliver the highest quality and standards of care for patients, their families and carers. The research therefore should identify those elements which are an essential part of the reason for their existence. Hopefully the literature review and interviews will reflect this. What is encouraging to the researcher at this stage is to note the determination of the organisations to be centres of excellence in service delivery. The vision and philosophy of the care providers will be examined in more detail later in this research. The following points, however, reflect the organisations' current stance in regard to their aims and goals:

To modernise the clinical and clinical administrative services ensuring staff and staff design continue to be fit for purpose; to employ staff and develop their skills with education, learning and development; to become a 'learning organisation' that will incorporate education as a core service, recognising that a key function of the organisation is to provide education in specialist palliative care to other Health

Professionals; to ensure that sufficient resources, human and financial, are generated in order that services can be maintained and improved; to ensure that resources within the organisation are effectively managed and to become an organisation with the capacity to provide specialist care services to the Public Sector.

The expectation of the researcher is that these themes will not be absent from the research findings.

## **Research Questions**

In essence, following Hudson (2003), it remains for the Voluntary Sector to develop an understanding of what Performance Management really means. He explores the question of how PM should be measured within the sector, for example, by outcomes or results, suggesting subsequently that voluntary organisations should ‘focus people and systems sharply on the desired results.’

The questions therefore being asked in this research concern the impact, if any, of the adoption of HRM within the Voluntary Sector, exploring how people have experienced performance management and appraisals. The investigation will also examine what evidence there is of increased quality in staff performance linked to the appraisal system. Consideration will also be given to how the sector, as outlined above, may have improved its capability in specialist care delivery as a result of developing good HRM principles. This last point underlined by Hudson (2003) as he states the Voluntary Sector ‘needs to invest much more heavily in their people, systems and infrastructure so that they have the organisational capacity to deliver greater impact.’

This greater impact mentioned by Hudson (2003) means more than enhancing organisational performance. West et al. (2002), in their study of patient care and mortality rates in NHS hospitals, linked to PM and the appraisal system, suggested that ‘effective performance appraisals by providing role clarity, identifying training needs, and making staff feel valued, led to improved patient care and contributed to reductions in patient mortality.’

In the light of the above it is therefore the key aim of this research to explore the impact and effectiveness of Performance Management and Appraisal within one area

of the Voluntary Sector, that is, within the specialist palliative care field identified above.

## **Methodology**

The methodology employed will be within an interpretivist paradigm employing an inductive/exploratory approach to the research questions. The rationale for this chosen methodology will be discussed in more detail in chapter 3 of the Dissertation and will include a consideration of the inappropriateness of alternative methodologies and philosophies.

This introductory chapter has considered the background theory and history of this research area beginning with reference to Meyer's (1965) study and also outlining the importance of the work due to the paucity of research and the significance of the contribution the Voluntary Sector makes to the UK economy. A brief overview was also included of the researcher's expectations followed by a consideration of the research questions and the rationale for the chosen methodology.

The following chapters will detail the Critical Literature Review with an evaluation and critique of the literature, discuss the chosen methodology and the nature of the questions being asked, and will continue with a presentation and analysis of findings followed by conclusions and recommendations.

## **Chapter 2**

### **Literature Review**

As noted in the previous chapter the literature on Performance Management within the Voluntary Sector is not extensive. However, the changes within the health economy with regard to the quality issues around service delivery, the opportunities for commissioning and procurement of contracts, have contributed to an emerging interest in defining and describing Performance Management within the Sector.

According to Cannell (2009) Performance Management is about the creation of a culture in which individuals and teams, knowing what is expected of them and having the skills to do their jobs effectively, will take more responsibility for the improvement of service delivery and for their own abilities and behaviour. This point is argued by

Houldsworth and Jirasinghe (2006) that it is of equal importance for the Voluntary Sector, with ever increasing commissioning opportunities to provide services to the public sector, that individuals and teams have a shared understanding of the strategic goals of their organisation as well as departmental and team objectives if the aims of the organisation are to be achieved. Performance Management therefore, as the process which contributes to the effective management of individuals and teams, as defined by Armstrong and Baron (2007), is seen as the shared understanding about what is to be achieved in terms of organisational performance, and as ‘an approach to leading and developing people which will ensure that it is achieved.’

It is perhaps due to the emerging role of Voluntary Sector organisations, including healthcare charities, as key players in service provision that Performance Management has become more important as quality and performance issues are an integral part of Service Level Agreements; the point made by Storey (2007) describing Human Resource Management (HRM) as a ‘crucial lever for improving organisational performance in terms of productivity and harnessing and increasing employee commitment.’ This last point explored by Bertram, Stanton and Leggat (2007) as they examined the link between Performance Management and productivity in a healthcare service provider.

Many aspects of Performance Management of course contribute to enhanced organisational performance, productivity and the achievement of organisational aims and goals. Performance Management, as one aspect of Human Resource Management, includes elements such as recruitment and selection, induction and socialisation, training and development, disciplinary matters, remuneration and reward systems (Boxall and Purcell, 2008) which suggests that Performance Management is ‘synonymous with the totality of day-to-day management activity because it is concerned with how work can be organised in order to achieve the best possible results.’ (Marchington and Wilkinson, 2008).

However, this understanding of PM may reflect a more contingency theory perspective - the ‘best fit’ approach to HRM which assesses the extent to which there is external fit and vertical alignment with the business strategy - and is perhaps therefore best suited

to the private/commercial sector where, for example, competitive advantage is essential to the survival of the business. In other words, ensuring that HR practices are linked with organisational strategies and competitive circumstances, and matching HR practices to the competitive strategy of a business unit. (Boxall and Purcell, 2008).

In comparison, however, to the private sector or commercial activity, the Voluntary Sector would aspire to the more universalist paradigm of high commitment HRM or 'best practice' in order to encourage improvement in employee performance and the achievement of the organisation's strategic goals. (Boxall and Purcell, 2008). This may reflect the sector's close alignment with the Public Sector where increasingly in recent years questions concerning Performance Management have been asked, for example, 'Whatever happened to Human Resource Management performance?' by Prowse and Prowse (2010) and 'Performance Management in the Public Sector: fact or fiction?' by Radnor & McGuire (2004).

Components of high commitment HRM with which the organisation would identify include training, learning and development as a pre-requisite of maintaining specialist palliative care recognition, self-managed teams reflecting the multi-disciplinary approach to care delivery, and reduction of status differentials which are hallmarks of best practice HRM within the voluntary sector. Other factors such as employee involvement and work-life balance are equally important in demonstrating high commitment HRM practices for an organisation such as a hospice. It has been argued however that it is employment security which essentially underpins the other elements of HRM practices as, following Pfeffer (1998), how realistic would it be to ask employees to work hard, propose innovations in working practices, and make a commitment to the strategic goals of the organisation without some reassurance of employment security and an expectation of ongoing career prospects.

It may be that Performance Management has been introduced in the Voluntary Sector as a strategic tool (Boxall and Purcell, 2008) not only in acknowledgement of the sector's development as a quality service provider to the Public Sector but also a recognition, following Storey (2007), of its high commitment and quality, flexibility and strategic integration. This last point concerning integration made by Marchington

and Wilkinson (2008) following Guest (1991) that ‘nowhere is the concept of integration more important than the management of performance.’

However, defining an organisational strategy has historically been difficult within the Voluntary Sector. (Kaplan, 2001). Mission and Vision are often well articulated but strategy documents have tended to consist of lists of aims, objectives and programme initiatives. Following Kaplan (2001), initiatives should exist to help an organisation achieve its strategic objectives. ‘They are means not ends. Strategy and performance measurement should focus on what output and outcomes the organisation intends to achieve, not what programmes and initiatives are being implemented.’

Valuing employee participation has sometimes meant that consensus management prevails. The organisation ends up with a ‘wish list’ from everybody involved in setting the strategic aims and goals of the organisation. Kaplan, (2001), describes this nurturing environment ‘in which all opinions are valued and listened to’ as a pathology in which ‘attempting to be everything for everyone virtually guarantees organisational ineffectiveness – an engine for diffusing organisational energy.’ The challenge for the Voluntary Sector is to listen well but channel staff suggestions and ideas into a coherent strategy and business plan. It is recognised as difficult in small organisations, that although accustomed to a consensus decision making process, some suggestions will be accepted while others are rejected. It is this failure that has led many voluntary organisations to experience ‘mission drift’ where they have wandered into new areas of work which falls outside of their strategy, mission, and sometimes, out of their competencies and capabilities. Kaplan (2001), citing Porter (1996), makes the point that voluntary organisations have to understand that strategy ‘is not only what the organisation intends to do, but also what it decides *not to do*’ - a particularly relevant message for some organisations.

However, others have argued that if Performance Management is about measuring, monitoring and enhancing the performance of staff as a contributor to strategic organisational performance then few of the systems in place, particularly in the Public Sector, ‘have managed to adequately address the need to improve staff performance.’ (Boland and Fowler, 2000). Martinez and Martineau (2001), exploring Performance Management in developing countries, observe that few publicly-funded national health systems in the world have introduced effective methods for enhancing the performance

of their workforce and note, ‘despite its importance, little has been researched or published on the introduction of performance management in health care organisations.’

A further element of this research as intimated in the objectives identified in chapter one, will be Management Appraisal as an aspect of performance. Performance Appraisals traditionally linked to potential pay increases are now being presented as developmental reviews with the focus more on learning and development opportunities rather than reward and remuneration. (Macky and Boxall, 2007). In the Voluntary and Public Sectors it has been equally recognised that there is added value in investing in those employees whose contribution to quality or customer service is crucial to quality service provision. Wright and Gardner (2003) have argued that an important element of high commitment HRM is to ‘encourage and facilitate employee development’ which is not linked to their financial reward or the organisation’s need to cover a crisis.

In the literature reviewed criticisms of Management Appraisals abound, for example, inconsistency in approach with no opportunity for employees to give their views (Purcell and Hutchinson, 2007) and managers/appraisers being ill-prepared, talking too much, relying on ‘gut feelings’. (Redman, 2006). Marchington and Wilkinson (2008) comment that there is sufficient research to suggest that Management Appraisals are widely regarded as a waste of time, too bureaucratic and costly. Hutchinson and Purcell (2003) stress that in the absence of a positive relationship between management and staff the vital role of front line managers in people management could be lost. It may also be the case that if the process of Management Review in the Voluntary Sector is no longer linked to remuneration or reward then this may have contributed in some quarters to a lack of interest and commitment to continued professional development. This may be an aspect of performance review to be revisited as a motivational issue following some recent research which demonstrates that a key purpose and benefit of appraisal is the allocation of rewards. (e.g. Gold, 2007).

Marchington and Wilkinson, (2008), also make the point that in the absence of an open culture of trust, or where staff are disaffected, there will be an unwillingness to participate in the appraisal process. It has also been argued that in some organisations control and manipulation may be the aim of the review process, being used only for

improved outcomes and determining reward rather than a developmental approach which could incorporate career planning and staff development. (Redman, 2006).

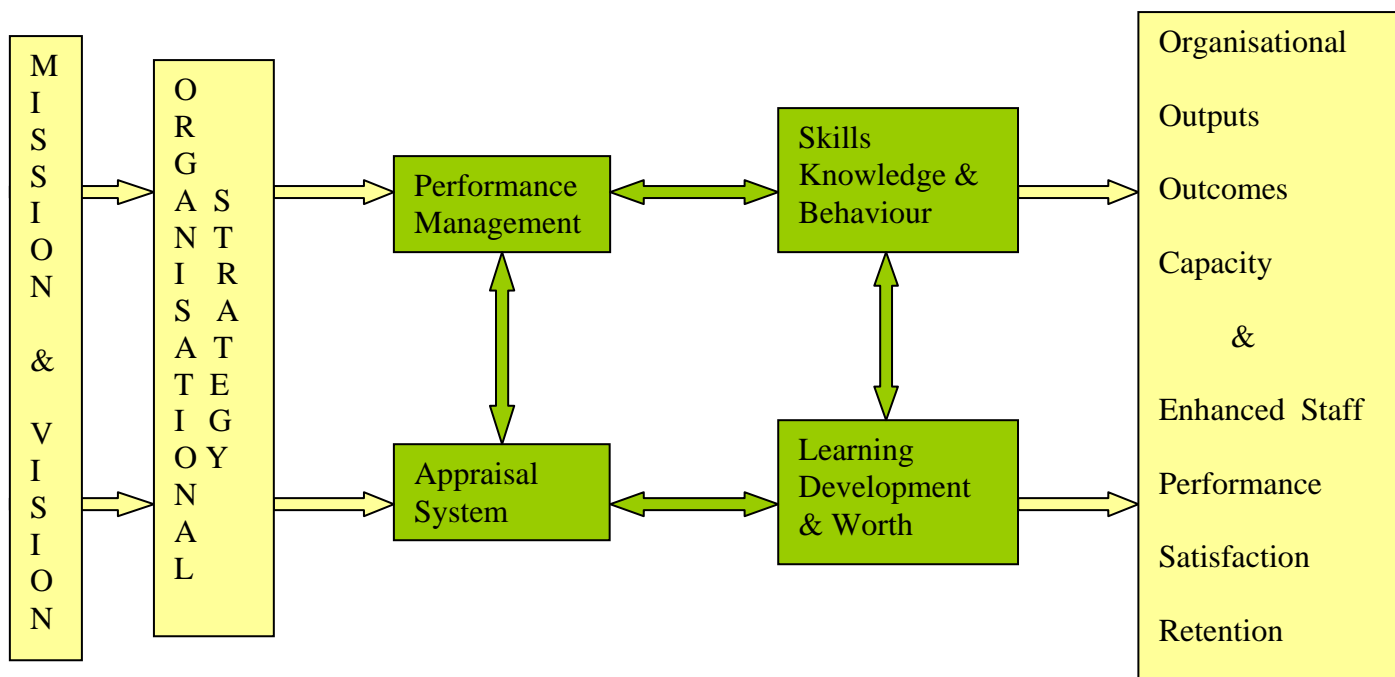
Kuvaas (2007) adds the important point that staff who are already highly motivated and committed may see the developmental review as a waste of resources and become de-motivated, since they already perform well and would prefer a self-assessment review process.

It is acknowledged therefore that Performance Review is not without its problems including distortions in validity, problems over measurement, particularly in attempts to measure behaviour or personality traits (Lee et al, 2004) and conflict of purpose, especially if a key purpose is increased salary (Attwood, 2005).

However, when it is well led and well resourced it has been suggested that Management Performance Appraisals contribute to increased self-awareness and self-determination, individual growth and development, as well as increased confidence and job satisfaction. (Marchington and Wilkinson, 2008). For example, the 360 degree Review System has received widespread support and is well documented by Marchington and Wilkinson (2008), citing Mabey, 2001; Fletcher, 2004; Bach, 2005, and the *IRS Employment Review 769a*, (2003).

The main themes emerging from the literature review, that are important for this study, and will be discussed in more detail in a later chapter, were identified as being clarity of vision and mission, organisational strategy and business planning, performance measurement, staff experiences of appraisal and organisational capacity and effectiveness. It is these themes which have informed the conceptual framework developed below and will provide a 'map' of the field of study.





It has been acknowledged (Hussey, 1999) that linking an organisation's business strategy to the development of an effective human resource strategy has proved difficult, in spite of the fact that there is widespread recognition that this is important. According to an earlier piece of research by Hussey (1996) small business enterprises have historically moved directly from organisational strategy to the consideration of organisational outputs, outcomes and capacity with little regard for strategic human resource planning. Within the Voluntary Sector the emphasis has been on internal performance measurement systems, public performance reports and 'financial measures such as donations, expenditures and operating expense ratios'. (Kaplan, 2001). What the conceptual model seeks to show is the importance therefore of what I would describe as a dynamic inter-active circle of human resource management development and influence within an organisation.

What the literature review has shown, confirmed also by comments made in the semi-structured interviews, is that not only is it of vital importance that human resource issues are woven into the fabric of every strategic decision but also that every aspect of performance management policy and practice, as outlined above, works to make the

strategy effective which will not happen without the dimensions of skills, knowledge and behaviour, learning, development and worth, and an effective appraisal system.

The view outlined above is the dominant one in much of the literature but has been challenged by Prowse and Prowse (2010) who argue that the strategic contribution of human resource management is a perspective being influenced mainly by HR professionals themselves and by their professional body, the Chartered Institute of Personnel and Development (CIPD). This argument will be re-visited in the Analysis chapter.

The following chapter will discuss the chosen methodological approach and research philosophy as well as a consideration of the research questions and the ethical research principles applied in this study. Alternative methods of conducting this type of research are also briefly considered with an explanation of the benefits of the selected method.

### **Chapter 3**

#### **Methodology**

This research is placed within an interpretivist paradigm employing an inductive approach in order to develop a theory of how individuals in the Voluntary Sector have experienced, or been influenced, by the introduction of Performance Management. As mentioned above the question has been asked by Prowse and Prowse (2010), ‘Whatever happened to human resource management?’ whose research was done as part of an evaluation of the impact of Human Resource Management (HRM) on organisational performance, equally a key question for the Voluntary Sector to explore.

I will adopt a pragmatic stance, believing that the evidence is out there waiting to be discovered, in part through a critical literature review but also the collection and analysis of some narrative data. This fits with my own reflective style of working as I seek to understand how people and organisations in the Voluntary Sector have experienced Performance Management.

Some consideration was also given to the analysis and interpretation of data and the analytical interplay with the literature as the data collected through the literature

review was eventually categorised into the recurrent dominant themes identified in Chapter 2.

This process meant that I was assessing themes as they emerged, making a list of them and highlighting the themes (kept separately in a note-book) in order to develop the conceptual framework.

As will be noted in the literature review there is an element of analysis of the data as it is being collected.

Eventually, as previously noted, five key themes were categorised and labelled as most pertinent to the research subject, namely, clarity of vision and mission, organisational strategy and business planning, performance measurement, staff experiences of appraisal and organisational capacity and effectiveness.

However, the issues of qualitative data analysis in this type of qualitative research are challenging.

It is increasingly being recognised that qualitative research can make a valuable contribution to the study of quality in health care provision (Pope, 2002) and that policy makers and specialist practitioners can have confidence in such research (Dixon-Woods et al, 2004). Nevertheless, problems remain in appraising qualitative research, for example, what are the characteristics that define good quality qualitative research? The suggestion by Seale (2002) that a key problem in developing appraisal criteria for qualitative research has been the tendency to treat it as a unified field, both at the level of data collection (eg focus groups) and at the level of methodological approach (eg grounded theory) is re-iterated by Dixon-Woods et al (2004) who contend that qualitative research is not a unified field. They contend, 'given the plurality of qualitative methodologies available this is clearly a flawed approach destined to produce criteria that fit in certain cases but not in others,' going on to give examples of the weaknesses in respondent validation, validity checking and discourse analysis with its 'often anti-realist emphasis on the multiple accounts that can be produced of any phenomenon rather than seeking a single verifiable account.'

The above cited argument is I believe flawed in that postulating the need for ‘a single verifiable account’ removes the researcher from the possibility of exploring the strengths of some of the universal features of qualitative research. That is, an in-depth exploration of what makes people ‘tick’ on a particular subject: their feelings, perceptions, decision-making processes, coherency and clarity. The answers that management need to do their job cannot always be reduced to a ‘single verifiable account.’ On the contrary, the advantages of qualitative research include the use of subjective information and is not limited to rigidly definable variables.

Seale (2002) exploring ‘quality issues in qualitative inquiry’ lists the problematic issues, in terms of data quality at least, as being ‘relevance, accuracy, reliability, timeliness, punctuality, coherence, comparability, clarity, accessibility and exhaustiveness.’ Not all of these issues were regarded as challenges in this piece of research. What I was aware of were the criticisms of qualitative research in the published texts, namely, being subject to researcher bias; the difficulties in analysing qualitative data rigorously; the lack of reproducibility and generalisability of the findings (i.e. findings may not be applicable to other subjects or settings). I also recognised that because data collection and analysis methods are so labour intensive only small numbers of subjects can be studied. This last point confirmed by Saunders et al (2009) who also have a very helpful section on alternative ways of reducing the time needed to transcribe your audio-recordings including ‘only transcribe those sections of each audio-recording that are pertinent to your research.’ Which advice I found particularly helpful.

Much of the published research undertaken thus far in this field would appear to have been done in the private and public sectors. This research will seek to ascertain if/how the adoption of HRM principles have affected performance management and appraisal in the Voluntary Sector.

Therefore, in the main, the research method adopted in this piece of research will be the critical literature review, examining the existing evidence base, to explore, understand and evaluate the contribution of Performance Management within a particular area of the Voluntary Sector, namely specialist health care provision.

One of the research problems faced by working generally in the area of Performance Management is that the literature on the subject, apart from in the Voluntary Sector, is vast. It was important from the beginning, whilst looking to describe and define what is meant by Performance Management, to maintain the focus or the scope of the research within the parameters of the Public and Voluntary Sectors. Coping with the number of journal articles, books and published papers led the author to use a rudimentary literature review technique, that is, entering keywords into search engines and the academic database Emerald. The keywords and phrases selected, for example, 'voluntary sector performance', 'critique of performance management', 'performance appraisals', '3<sup>rd</sup> Sector Procurement', 'capacity building', 'quality outcomes in health care provision', produced many thousands of citations. However, refining the research parameters to 'Voluntary Sector HRM' over the past decade produced over 300 articles.

Since the focus of this study is Performance Management within specialist health care provision the search was further refined, through a brief overview of the titles, to exclude those voluntary organisations that worked in other areas, for example, supporting social enterprise, accounting innovations, educational trusts, housing associations, environmental foundations and rehabilitation charities. Although there are obvious weaknesses in only examining the titles of articles, noted by Smith et al, (2008), some others have found this approach useful when dealing with a large number of citations (Thorpe et al, 2005). Consequently, the search was further refined by entering 'Voluntary Sector Health Providers HRM' into Emerald database covering the period from 2000 to present. This time frame was chosen in order to keep the research contemporary, relevant and to fit the purpose of the study. The results of this search produced very few articles and a small number of text books which served to confirm the point made by Parry & Kelliher, (2009) that relatively little is known about HRM within this sector.

It will also be part of the research process to conduct some semi-structured interviews with a small number of individuals within the Sector to understand their experiences, or lack thereof, of Performance Management. The purpose of this inductive theory approach should provide greater insight into individuals' own understanding of how

they have experienced Performance Management and also provide opportunities for the collection and analysis of some narrative data.

Examples of prompt questions for the semi-structured interviews are as follows:

1. PM is about the creation of a culture in which individuals and teams, knowing what is expected of them and having the skills to do their jobs effectively, will take more responsibility for the improvement of service delivery and for their own abilities and behaviour. Is it? What's the evidence base for that assertion in your experience?

Effective performance appraisals etc "led to improved patient care and reductions in patient mortality". Great claims! What's the link?

2. How have individuals experienced PM/Appraisals and can increased quality in staff performance be identified?

3. Could it not be argued that the whole HRM agenda is just another employers' way of getting a compliant workforce? Why use the stick when the carrot gets better organisational results? So the agenda isn't so much development of staff but profit margins and business success?

4. Can you see any link between good PM principles and an increase in our sector's capacity and capability to win contracts and deliver services?

6. Why do you think that a lot of researchers suggest that attempts to manage and assess performance have been a contentious exercise resulting in a de-motivated and disillusioned staff?

7. Is it the right approach to remove from appraisals the issues of pay, promotion or punishment?

The questions are deliberately constructed not only to solicit information but to provoke responses which would reveal how the respondents felt about the issues raised. For example, in question 4 directed to the two HR Managers I wanted to

engender some emotion that would reveal how strongly they viewed the contribution that HRM had made to performance. Did they hold to a ‘soft’ or ‘hard’ approach – ‘Harvard’ or ‘Michigan’ models of HRM?

It is this emphasis on the exploration of experience which places the research within the phenomenological paradigm rather than a positivistic one. My rationale therefore in choosing a qualitative approach is that I wanted to hear from senior colleagues responsible for Performance Management, Appraisals and capacity building within their organisations, their views and experiences of the of the impact of these aspects of HRM being researched. Although only a small number of interviews were conducted with colleagues in the North West of England and the West of Scotland, a limited ‘snowballing’ process was used to identify those individuals most likely to have the experience to make a significant contribution to the research. Two senior colleagues in the region identified several other colleagues with an interest in Performance Management and, to this group, was added two staff members who were the recipients of management appraisal and two members of a Clinical and Medical multi-disciplinary team. Ultimately, however, the small group of interviewees were ‘convenient’ – they were relatively near, therefore easy to recruit, interested in the subject, and were happy to participate.

Six people were interviewed from the two hospices identified in Chapter 1 and a brief ‘vignette’ of who they are, albeit anonymised, is included here.

West of Scotland Hospice:

1. Human Resources Manager. (RB). Previously worked in International IT Company, design background, experienced team leader, made redundant and subsequently re-trained in Personnel Management. Worked for American based engineering company – left in 2008 to take up post in West of Scotland Hospice – ‘wanted to give something back, but also disillusioned with ‘hard line make a profit or else’ attitude of company.
2. Administration. (PW). Worked in Public Sector as Senior Secretary. Had some prior private sector experience before joining NHS. Husband relocated, appointed to current post in Hospice.

3. Fundraiser. (CS). Graduate in communications and graphic design. Worked as volunteer fundraiser for national charity before securing job as community fundraiser for West of Scotland Hospice.

North West England Hospice:

1. Director of Nursing. (LB). Previously employed by NHS Trust Hospital as registered nurse. Completed Masters Degree in Palliative Care Delivery and became Clinical Nurse Specialist (Macmillan) followed by post as Clinical Services Manager in Independent Voluntary Hospice.
2. Human Resources Manager. (JB). CIPD qualified HR officer working in commercial setting – well known High Street pharmacy chain – decided to make career move into care provision organisation, eventually becoming senior manager responsible for Human Resources in a specialist palliative care unit, namely, the North West England Hospice.
3. Staff Nurse. (ML). Since qualifying always wanted to work with end-of-life care patients. Took post-graduate diploma in palliative medicine and after five years in general nursing joined the hospice movement.

The following discussion of the ethical principles involved and applied in this study are outlined below as, although the participants in the semi-structured interviews all freely gave their consent to participate in the research, the ethical considerations were deemed to be relevant and important.

Involving humans in research immediately raises ethical considerations, foremost among these being informed consent which rests on the principle of autonomy, or respect for individuals. Any research taking place within the health economy would necessarily comply with the guidelines on informed consent issued by the World Medical Association, namely, ‘informed consent is consent given by a competent individual who has received the necessary information, who has adequately understood the information, and who after considering the information, has arrived at a decision without having been subjected to coercion, undue influence or inducement, or intimidation’. (Maslin-Prothero, 2003).



Three components are identified in this definition of informed consent. Information – there should be adequate disclosure of information enabling the subject to make an informed choice. Understanding – the individual should have the ability to understand what they are being told and to make a reasoned choice based on that understanding. Consent – there should be a voluntary decision or agreement on the part of a capable person.

Beauchamp and Childress (2001), writing in the field of bio-medical ethics, identify four key ethical principles in the medical tradition which are applicable to the research principles applied in this research, namely, respect for autonomy, non-maleficence (avoidance of harm), beneficence (seeking to do good) and justice. They supplement these principles with four ‘rules’ – veracity, privacy, confidentiality and fidelity.

Although no vulnerable service users were interviewed in this research and it is not a clinical based research project the above principles nevertheless guided the research process.

Assurances were given to the participants that no-one other than the researcher would have access to the raw information gathered and that any information included in the project would be anonymised and kept confidential. This was particularly relevant due to the potential business sensitivity of the information being shared. The names of the participants were protected by removing them from the actual information obtained so that it could not be linked to the person’s identity.

Each of the interviewees were informed that they had been invited to participate in this study because of their relevant professional experience, that they could choose not to participate or refuse to answer a particular question.

As mentioned above, none of those who participated in the interviews were patients or service users and therefore did not need to be reassured that they could withdraw at any time without any risk to any current or future treatment, only that they could withdraw at any time.

With these ethical considerations and reassurances the interviewees all freely gave their informed consent, all questions were answered and no-one withdrew from the research. The results of the study will be made available to the participants on request.

I believe that this form of naturalistic inquiry, a descriptive and exploratory study of the published literature together with some in-depth interviews, will provide a deeper understanding of the subject being researched than could be achieved through a quantitative approach. A postal questionnaire to 200+ hospices in the UK was considered to ask about their HRM policies and procedures as they related to the research questions. This was dismissed due to perception of low return (previous surveys in sector having a 20 – 30 per cent return rate) and lack of face to face contact with relevant individuals. Mainly however, due to the emphasis on the desire of the author to explore the relevant literature on the subject as it related to the particular research area in the Voluntary Sector.

Therefore, the strength of this methodology for me lies in the fact that it is the type of enquiry grounded in the social sciences, having a humanistic philosophical base which aims for ‘a meaningful understanding of the individual, human awareness and the whole context of the social situation.’ (Bowling, 2000).

The methodological process discussed above has yielded some rich and interesting data which is set out in the following chapter.

## **Chapter 4**

### **Presentation of Research Findings**

The findings from the semi-structured interviews reflect the strength of feeling that the interviewees have on a range of issues, and serve to underline the values and commitment of those who join the hospice movement and other areas of the Voluntary Sector. As well as identifying with the major themes from the literature review, that will be critically analysed in the final chapter, they were passionate about their involvement in the type of work being provided to patients, families and carers in their hospices.

It has to be said at this point that there is a serious lack of understanding or acknowledgement in the performance management literature about the values or vision which provides the drive and energy that exists within the sector and contributes so much to staff motivation.

The five major themes emerging from the literature review, identified in chapter 2 and which served to inform the conceptual framework, are briefly outlined below, as they relate to the research questions, and further analysed in Chapter 5.

A major part of this section however is the synthesis of interview data concerning the management and staff experiences of performance management and appraisal at the West of Scotland Hospice and how the Hospice management responded positively to the challenges presented to them by an extremely negative staff survey.

Considering the lack of published research on performance management within the hospice movement the work of the Hospice in addressing these issues provides an important contribution to this research in one key area, namely the appraisal process.

The findings as they relate to the research questions, from the literature reviewed and the semi-structured interviews, demonstrate the emerging role of Voluntary Sector organisations in public sector service provision and how these organisations have had to examine their human resource practices and systems for managing performance.

The research questions described in Chapter 1 basically seek to explore two key areas. These are, firstly, to consider the impact of performance management principles within the sector in terms of quality in performance, both staff and organisation, including improved capability in service delivery and capacity to procure and deliver contracts. Secondly, to discover how people have experienced being appraised, as an aspect of their organisation's performance management.

## **Impact of performance management principles within the Voluntary Sector.**

Many Voluntary Organisations aspire to be key players in the planning and delivery of their services in the new world of commissioning and procurement of contracts. It is these changes within the health economy also which has impacted upon palliative care delivery and created a greater interest and need to consider their performance management systems.

This interest and need has led organisations to consider the key areas of their business in terms of their mission – ‘Who are we? What are we trying to achieve?’ – in terms of their people – their skills, knowledge and behaviour – and in terms of the strategic outcomes they hope to achieve. An examination of these areas has meant greater consideration has been given by the sector to the issues of their vision and mission, defining organisational strategy, performance management principles, examining organisational effectiveness.

The following table presents a brief outline of salient points from the findings in relation to the above themes from the literature reviewed, with the exception of staff experiences of appraisal, which are considered separately.

<b>Theme</b>	<b>Findings</b>	<b>Source</b>
<b>Vision and Mission</b>	‘often well articulated’	Kaplan, 2001
	‘clarity of vision is historical strength’	Storey, 2007
	‘mission drift – wandering into new areas of work’	Porter, 1996
	‘inspires commitment to organisations cause’	Parry and Kelliher, 2009
	‘incorporates critical values’	Hussey, 1999
<b>Organisational Strategy</b>	‘historically difficult area for sector’	Boxall and Purcell, 2008
	‘ensure HR practices are linked to organisational strategy’	Boxall and Purcell, 2008
	‘recognition of sector’s development and strategic integration’	Marchington and Wilkinson, 2008

	'little evidence of link between PM and organisational strategy'	Beardwell et al, 2004
<b>Performance Management Principles</b>	'creation of culture where staff have the skills to work effectively'	Cannell, 2009
	'development of staff's understanding of organisations' strategic goals'	Houldsworth and Jirasinghe, 2006
	'approach to leading and developing people to achieve desired outcomes'	Armstrong and Baron, 2007
	'synonymous with the totality of day-to-day management activity... how work can be organised to achieve best possible results'	Marchington and Wilkinson, 2008
<b>Organisational Effectiveness and Capacity</b>	'more investment needed in people, systems and infrastructure'	Hudson, 2003
	'would need to professionalise sector's approach to HRM'	Parry and Kelliher, 2009
	'attempting to be everything for everyone virtually guarantees ineffectiveness'	Kaplan, 2001

The findings from the semi-structured interviews revealed the strength of conviction from the two Human Resource Managers to the theory that sound performance management principles had 'transformed the Voluntary Sector' making it fit for purpose to be involved in the procurement and delivery of services to the Public Sector. Whilst identifying with the major themes outlined above they pointed to the work that had been done in recent years in response to the changing 'operational environment' as the sector geared up to meet the government's increased commitment to involve voluntary organisations in the delivery of public service. (HM Treasury's 'Cross Cutting Review, 2002). This work, the managers asserted, included the professionalisation of recruitment, selection and induction practices; the introduction of appropriate training and development programmes; role clarification, job evaluation processes and remuneration and reward systems. Many charitable organisations they assert lack commercial understanding, they have the wrong people in the wrong jobs,

lack skilled pro-active management and are poor in setting performance standards and competencies. The sector, they argued, had no robust mechanism for the management of poor performance or under-achievement and very little in place for reinforcing positive behaviour.

This perception of the sector's saving grace by the HR professional has been challenged by, among others, Prowse and Prowse (2010), citing a survey by Grant and Oswick, (1997), who point to the 'professional zeal of the HR professional to attain power and influence in management' by emphasising that the use of HR techniques will improve performance throughout an organisation, an issue which will be looked at in the next chapter.

In contrast to this view of the supremacy of 'HR techniques' the two respondents working in clinical areas, the Director of Nursing and the Staff Nurse, believed that other factors had influenced effective and efficient performance making 'their' sector fit for purpose with regard to service commissioning and delivery. Whilst not disregarding the contribution of the Human Resource Managers they looked more to the modernisation of clinical practices in recent years supported and monitored by the National Institute of Clinical Excellence (NICE) and the Care Quality Commission (CQC). They agreed that Performance Management may certainly contribute to the effective management of individuals and teams. However, they believed that the introduction of other governance and control measures should not be disregarded either. Some exception was taken to the suggestion that it is 'effective performance management and appraisals that has led to improved patient care and reductions in patient mortality' although it was acknowledged that the emphasis on 'skills, knowledge and behaviour' and also the 'learning, development and worth' policies and practices had contributed positively to organisational improvement.

However, from a clinical perspective it was the introduction of robust infection control measures together with the establishment of a strong clinical governance framework which had contributed most, in the nurses' view, to organisational improvements. The key elements of clinical governance they asserted, of clinical audit and effectiveness – using evidence based practice, quality assurance, risk management, leadership and

continuing professional development, had had the greater impact and effect on any improvements within the hospice movement.

Notwithstanding this point of view there was general agreement from the two clinical staff that they could appreciate the link between sound performance management principles and an increase in the Hospice's capability to win contracts and deliver services and that this was important in the new health economy.

The issue of why we now do what we do, and for whom, will be given further consideration in Chapter 5.

The Administrator and Fundraiser in their interviews concentrated their attention on their experiences of being appraised; exploring the question whether it is the right approach to remove from appraisals the issues of pay, promotion and punishment. They also identified with some aspects of the suggestion that 'attempts to manage and assess performance have been a contentious exercise resulting in a de-motivated and disillusioned staff.' They were not without an appreciation that the Hospice had strategic aims and that a shared understanding of these strategic aims and goals, of the organisation, was important in terms of departmental and team objectives however this was secondary to their concerns for employment security, the work-life balance and the issue of the organisation taking more seriously the matter of staff involvement and their career aspirations.

The question of how individuals have experienced appraisals is addressed in the following section.

### **How have staff experienced being appraised as an aspect of their organisations' performance management process.**

All of the respondents had different experiences of being appraised which ranged from 'an environment of fear' (HR Manager's experience of working in international company) to 'a very positive experience of having one-to-one quality time with my

line manager.’ However all identified with the findings of the literature review summarised below.

<b>FINDINGS</b>	<b>SOURCE</b>
‘attempting to manage/assess performance has been a contentious exercise ... has resulted in de-motivated and disillusioned staff’	Bratton and Gold, 2007 (Based on Meyer, 1965)
‘criticism has a negative effect on motivation and performance’	Bratton and Gold, 2007
‘performance improves when specific goals are set’	Bratton and Gold, 2007
‘more favourable results with employee participation’	Bratton and Gold, 2007
‘coaching by managers should be day-to-day rather than once a year’	Bratton and Gold, 2007
‘interviews to improve performance should not weigh salary or promotion’	Bratton and Gold, 2007
‘praise has little effect – one way or another’	Bratton and Gold, 2007
‘few of the systems in place have managed to adequately address the need to improve staff performance’	Boland and Fowler, 2000
‘inconsistency in approach with no opportunity for staff to give their views’	Purcell and Hutchinson, 2007
‘managers/appraisers ill-prepared, talking to much, relying on ‘gut feelings’	Redman, 2006
‘appraisals regarded as waste of time, too bureaucratic and costly’	Marchington and Wilkinson, 2008
‘absence of positive relationship between management and staff contributing to loss of vital role of front line managers in people management’	Hutchinson and Purcell, 2003
‘if appraisal system no longer linked to remuneration may contribute to lack of interest and commitment to CPD’	Gold, 2007
‘in absence of culture of trust, if staff disaffected, there will be an unwillingness to participate in appraisal process’	Marchington and Wilkinson, 2008
‘already motivated staff may see appraisals as waste of resources and become de-motivated’	Kuvaas, 2007



‘appraisals have problems in attempting to measure behaviour or personality traits’	Lee et al, 2004
‘issues of conflict of purpose if key purpose is increased salary’	Attwood, 2005
‘appraisals may contribute to increased self-awareness and self-determination, individual growth and development, as well as increased confidence and job satisfaction’	Marchington and Wilkinson, 2008

The contents of the above table resonate in part with the previous experiences of most of the respondents. The Administrator and Fundraiser who are employed by the West of Scotland Hospice now participants in the appraisal system outlined below.

The West of Scotland Hospice has recently developed a new appraisal system and this was explored in semi-structured interviews with the HR Manager and the Hospice Administrator.

A summary of the notes of these interviews are included here, written up in a semi-report style for greater clarity and fluency as the interviews covered a wide range of HR topics. The development of the Individual Performance Review (IPR) process is included in this findings section of the research by way of demonstrating a change in policy direction with regard to one organisation’s experience of staff appraisals. The change of policy towards Performance Management was initiated following a very negative staff survey, included below with permission, which provided the catalyst for change.

It is also worth noting, that although, following Zacharias (2003), Human Resource Management has historically ‘taken a back seat in comparison to the management of activities such as fundraising and service delivery’ Palmer and Ross (2004) in their research, would disagree and affirm that the ‘management of human resources has also been an area of significant change in recent years’ and one can observe the ascendancy of the HR Manager in influencing management over the Fundraising Manager’s access to an organisation’s strategic planning process.

The following section demonstrates how a hospice has responded positively to the criticism that a sophisticated approach to Human Resource Management has been

lacking in the sector. In response to the staff survey included below the West of Scotland Hospice initiated a complete overhaul of their Performance Management and Appraisal systems.

### Summary of Staff Survey Results

Communications	Lack of trust in higher management
No one listens	Ideas are not acted upon
Lack of motivation	No money to do things
No respect	Leader does not understand the job
Poor delegation	Lack of decision making
Lack of fairness	Resource planning fails
Pay and security	No recognition for what you do
Never enough time	Reduction in job satisfaction
Too many meetings	Rarely do management follow through with their promises
Lack of teamwork	Training is rationed or wasted

This section of the findings describes a re-design of the Hospice IPR process and what it would mean to the organisation and individual staff. What were the principles and processes of introducing such a radical new approach to appraisals and what consideration had been given to training implications? What were the next steps in terms of evaluation, and business and budget planning.

The Hospice launched its re-designed individual performance review amidst some uncertainty and fear, considering what had gone before. The following is a comprehensive view of its purpose, principles, process and policy with some consideration of how it was implemented, taken from interview notes with HR Manager and Hospice Administrator and synthesised into this report form.

## **Individual Performance Review (IPR) for all staff**

### **What does this mean?**

Alongside the many initiatives being taken to improve and modernise the way the Hospice provides for the needs of its staff, in 2008 the new staff appraisal system was implemented, designed to meet the needs of all staff employed by the Hospice. It reviewed individual performance, individual potential and individual development needs, enabling the Hospice to better plan for future services. The existing IPR process was re-designed to ensure that all Departments contributed effectively to the success of the Hospice and therefore, Training, Education and Development opportunities were planned and made available to all staff.

To ensure more effective implementation IPR was supported by a Training session and an Open Learning package for all Managers, Team Leaders and Staff members. This ensured consistency of approach across all Departments and all staff, with the twin principles of Performance and Development being the focus of our attention.

This new approach also provided the opportunity to improve on Departmental and Organisational team working, increased flexibility and ensured greater emphasis on good communications.

Although IPR was still planned, in a formal process, to be an annual event, there was expectation of continuous monitoring of performance and coaching throughout the year, particularly for new staff, providing constructive feedback and ensuring no element of surprise during the annual IPR session. It is worth noting that IPR sessions were not to be utilised as part of any disciplinary mechanism and the new approach was itself to be reviewed each year to ensure its effectiveness and relevance.

### **IPR Principles**

A key principle is that IPR will help develop employees, so every individual can do their job to the best of their ability and potential. For staff to achieve this they need to be clear about what is expected of them, receive honest and constructive feedback, be

helped to identify how they can improve their performance in order to ensure we all work more effectively and efficiently.

The system therefore ensured:

- All staff have an agreed job description and competency table (where appropriate)
- Clear and achievable objectives, linked to the achievements of the Hospice
- Provision of a Personal Development Plan (PDP) for each individual
- Progress is reviewed through the year

IPR is designed to be an integral part of the Business Planning process, reviewing past performance, discussing future developments and individual potential hopefully providing even higher levels of personal motivation and make everyone aware of the personal contribution they can make in helping the Hospice achieve even higher levels of success. In turn this will improve communication, clarify responsibilities and priorities, identify barriers to better performance, identify training needs and provide opportunities for recognising achievements at work; thus benefiting everyone engaged in the process

### **IPR Process**

The process will apply to all staff, with the person carrying out the Review having knowledge and understanding of the work undertaken by the member of staff and where possible should be their immediate Line Manager or Team Leader.

Senior Managers will oversee implementation and ensure staff are treated fairly and consistently.

Each member of staff will prepare a self assessment form to consider their achievements over the reporting period, normally the previous twelve months, noting their strengths and weakness, what they see as barriers to effective performance, their plans for the coming year and their view of their development and training needs, which will aide them during the Review session.

## **IPR Training**

To ensure all staff have a full appreciation of the IPR principles and process, a series of training events were planned to prepare everyone, and allow questions and queries to be resolved.

The programme of training will be conducted by an external provider in two parts:

- **Manager/Team Leader Training** – It will detail how to prepare for and conduct the IPR session, what is good practice, effective behaviours, legal considerations, giving feedback and agreement on actions. It will also consider aspects of personal style, and it's impact on IPR.
- **Staff training** – This will detail what the IPR principles are, how it will be conducted, what role you play in the process and what you can get out of it by managing expectations.

## **What Next?**

- Training sessions to be conducted for all
- Open Learning package distributed to allow ongoing training and planning
- IPR forms to be issued, with IPRs to commence February each year and completed by mid-March
- Senior Managers to consider IPR results for comments and ensure compliance
- First evaluation of system in late March/early April as to conduct, effectiveness and assessment methods used, utilising questionnaires and open forums
- Present outcomes to Senior Management Team in May of each year
- Commence rolling IPR process September – October to fit with Budget planning for following year

Although the North West England Hospice had also previously committed to reviewing its Performance Management systems there were two areas which the HR Manager believed needed strengthening with regard to the Hospice's appraisal process.

### **Regular Feedback and Coaching**

An ongoing process of continuous feedback on specific tasks, priorities and recent events is regarded as more effective than waiting for an annual IPR. Managers will be encouraged to take appropriate time out to regularly assess those who report to them and their teams.

The Hospice has well developed tools for supervision but coaching and mentoring have been rather neglected areas as part of the appraisal process. It is believed this may help staff focus on organisational goals and objectives. Following Clutterbuck and Megginson (2005) one of the reasons for introducing coaching as a management tool is hopefully that the commitment to improving the organisation will become embedded in a parallel commitment to improving the staff. This was regarded as an ongoing performance review exercise.

### **Managerial Training**

The experience of the Hospice, reflected in the research, is the recognition that not all staff who have the role of appraiser are confident and competent to perform it. Previously a competency based 'learning and development' training programme had been externally sourced. However, it was agreed by Senior Management that this needed to be revisited so that, hopefully, all appraisers would develop the skills required.

The findings from the literature review and interviews have provided interesting and revealing data which are analysed in the next chapter following the themes that have been identified in this research.

## **Chapter 5**

### **Analysis and Conclusions**

#### **Introduction**

The data collected from the literature reviewed and the interviews was explored to see which themes emerged and which issues would be followed up. Following Saunders et al (2009), in this type of inductive research the researcher will need to analyse the data as it is being collected and from that develop a conceptual framework to guide the

subsequent work. This was the approach adopted in this research project and it will be observed that there is an element of analysis contained in the literature review and findings chapters.

The themes which informed the conceptual framework and are identified and written up in Chapter 4 are further analysed, and conclusions drawn, in the sections which follow.

The chapter concludes with a brief comment on the limitations of the research.

### **Clarity of Vision and Mission.**

The questions here are around the need for voluntary sector organisations to clarify the rationale for their existence. It is this lack of clarification, asserted by Kaplan (2001) and others, which has led to the situation, described above, of mission drift and, consequentially, of small charities, well meaning as they are, experiencing disappointment in terms of strategic success which may mean the failure to win Public Sector contracts. A well articulated mission statement, it is argued, that does not translate into strategic objectives will fail to realise the outputs, outcomes and capacity the organisation hopes to achieve. What an organisation is striving to become, following its mission statement, should define its position within the sector and the uniqueness of the contribution made to service users, staff and stakeholders. (Storey, 2007).

The weakness of the above position is that it is possible to identify in the sector organisations which have weak or ambiguous mission statements whose impact upon their communities and stakeholders is significant. (NCVO, 2006). On the contrary, one of the historical strengths of organisations within the Voluntary Sector, and particularly the hospice movement, has been their clarity of vision, by the founders of an organisation, which in turn has driven the strategic plans and objectives of the organisation. For example, one of the specialist care units participating in this research provided the following statements of their mission, vision and philosophy:

## Mission Statement

*The Hospice exists to provide the highest quality Specialist Palliative care for people who have illnesses that no longer respond to curative treatment. Our main activity has been to ensure the delivery of a specialist medical and nursing service to patients and their families by a skilled and dedicated multi-professional team.*

Given the nature of the work, as illustrated by the mission statement, organisations involved in specialist care provision in the Voluntary Sector do have strong values and subsequently attract staff who are influenced by these values and therefore join the organisation ‘for the cause’. A survey conducted by Light in 2002, cited by Parry and Kelliher (2009), presented evidence of a significantly high level of commitment by staff in the sector to their organisation’s cause. ‘Sixty percent indicated that they joined their organisations for the chance to make a difference rather than for salary and benefits, substantially higher than comparative figures for the private and public sector workers’.

This high level of organisational and individual commitment is reflected in the values and aspirations of those interviewed and are expressed in the following statements from the vision and philosophy of the two Hospices. Respondents’ initials are from short vignettes in Methodology Chapter, that is, Director of Nursing – LB; Human Resource Managers – RB & JB; Staff Nurse – ML; Administrator – PW; Fund Raiser – CS.

Statements	Quotes	Respondents
Maintain and improve upon highest quality and standards of care	“We want to be a centre of excellence in palliative care for our patients and families”	LB
Ensure that sufficient financial resources are generated to deliver services	“Without our team raising the cash what could we deliver? I am so proud to be part of this”	CS
We will employ the right staff and develop their skills with education, training and development	“Finding the ‘right’ people for this organisation is a challenge but the investment in staff here is awesome, makes it worthwhile”	RB



Ensuring resources within the organisation are effectively managed	“I want to see a direct link between estates, procurement and the quality our patients’ experience. Getting it right is important”	PW
Commitment to maintaining professional development	“Can’t believe they are supporting my Master’s Degree, makes me want to be the best”	ML
Continue to identify unmet palliative need in our health economy and develop appropriate strategies	“Recruitment and retention of staff and volunteers is crucial to ensure these goals can be met. Gets me out of bed in the morning”	JB
We will listen and respond to the opinions of the patients, public, staff and other key stakeholders about what they want from us	“We aren’t the NHS. We aspire to be a listening, caring organisation. It’s one of the things I love about working here”	LB

## Conclusion

There is a serious lack of empirical investigation in the literature reviewed into this area of a personal vision or individuals with a mission, who contribute so much to our society through the Voluntary Sector with passion, courage and integrity.

Clarity of vision and mission is not only what drives the Voluntary Sector forward but the *continued* high commitment, strong values and aspirations of the people who want to make a difference.

## Organisational Strategy and Business Planning.

Kaplan (2001) and others, for example, Boxall and Purcell (2008) note that the Voluntary Sector has experienced difficulties in defining organisational strategy, usually focussing on a ‘wish list’ of aims, objectives and operational initiatives. While there is some truth in the historical difficulties faced in some organisations in the Voluntary Sector what has been a change and a challenge in recent years for many areas within the Sector is the development of contracts and service level agreements with the Public Sector to provide quality services. (Department of Health, 2001, *Shifting the balance of power within the NHS: securing delivery*)

This has undoubtedly contributed to the greater emphasis within the Voluntary Sector of strategic and business planning, with Performance Management recognised as a strategic tool which may bring greater coherency and focus to an organisation.

However, other factors have equally contributed to this need to be more strategic in terms of business planning within the sector including the NHS reforms and the more robust clinical governance agenda adopted throughout the health economy.

Both hospices in this study have well developed business plans which reflect the clinical and medical strategies of the organisation for long-term sustainable service delivery. What clinicians argue is that ‘patient centred care’ and the introduction of the elements of clinical governance have had the greatest impact upon health care provision – including hospices. The improvement agenda is for patients, not to impress commissioners and win contracts.

What contemporary research fails to recognise, particularly in health care delivery services, is that the Business Planning and Strategic Aims of the organisation are directed by the clinical and medical plans, not financial performance, target focused, and productivity driven plans. Many practitioners in the hospice movement would take exception to Kaplan’s view that a business plan usually consists of a ‘wish list’ of objectives and operational initiatives. Empirical study and analysis would reveal that in the hospice movement at least, business plans and strategies flow from the vision and mission of the organisation providing the focus and coherency to which Kaplan and others refer.

## **Conclusion**

While the strength of the link between Performance Management in charitable organisations and business planning and strategy may yet need to be established from the literature there is evidence from the sector of a growing awareness of its importance. (Beardwell, 2004). Further research is needed into how the Voluntary Sector is developing Business Planning and Strategic Objectives in the light of greater procurement and contractual pressures.

## **Performance Measurement at Work in the Voluntary Sector.**

It has been recognised in recent years that measuring performance in organisations like a specialist care provider has become increasingly important due to the need to secure adequate resources from government, trusts, corporate sponsors and individual donors. This is an acknowledgement that a growing number of charities and care agencies compete for funding which is increasingly scarce. While it is necessary to focus on financial measures such as level of grants and donations, returns on investments and fundraising, as performance measurement theory would suggest, these measures do not relate to the vision and mission statement of a service delivery organisation like a care provider or hospice. They are not the primary objective. (Meliones, 2000).

Therefore what needs to be challenged from the literature is the repeated assertion of the link between effective performance management and organisational performance. While it is true from the literature reviewed that over the last 30 years there has been an increased interest in Human Resource Management, one of the key issues that needs further research and analysis is ‘exactly what type of performance and contribution made by human resource techniques has increased performance’ (Prowse and Prowse, 2010). Arguably, according to Storey (2007), HRM represented a new and radically different way of managing people – ‘a critical lever for improving organisational performance ... and harnessing and increasing employee commitment.’

On the other hand, Legge (2001), has argued that ‘the rhetoric of HRM contributions to organisational performance has become a 21<sup>st</sup> Century obsession’. This political rhetoric of HRM professionals has been challenged by several pieces of research, including an article in the *Industrial Relations Journal*, “Of believers, atheists and agnostics: practitioner views on HRM” by Grant and Oswick (1997) whose survey, as noted in the findings chapter, provided evidence of the ‘professional zeal of the HR professional to attain power and influence in management by emphasising the professional using HR techniques to improve performance through the organisation.’

Further research by Guest and King (2004) in an interesting article for the *Journal of Management Studies*, “Power, innovation and problem-solving: the personnel managers’ three steps to heaven?” suggested a lack of knowledge by HR Directors’ of ‘any research on the contribution of HR performance to their organisation.’

This analysis challenges the theory that it is Performance Management principles that improve organisational performance. Increased employee commitment is not the product of a radically new and different way of managing people, and it is offensive to suggest it in the light of the high commitment demonstrated by staff who have joined their organisations for the cause it represents, 'for the chance to make a difference rather than for salary and benefits'.

Kaplan (2001) suggests that given the urgency of performance measurement in today's competitive market, with the need to demonstrate 'success' to major donors and funders, voluntary sector organisations should be measured by 'how effectively and efficiently they meet the needs of their constituencies.' Therefore, questions that remain to be answered include, what performance indicators and measures are appropriate for this sector, are they linked to the skills, knowledge and behaviour agenda, and will they contribute to the building of organisational capacity?

## **Conclusion**

There are areas of further research to be undertaken in order to confirm the effect of performance management in organisations. The analysis of the findings would indicate that improvements to organisational performance are not the sole result of sound performance systems. The debate concerning what exactly HRM techniques have contributed to organisational improvement will no doubt continue due to the work of Legge, (2001), Grant and Osrick, (1997) and Guest and King (2004). Other motivational studies may also be appropriate to research the continued 'high commitment' of Voluntary Sector employees.

## **Organisational Capacity and Effectiveness.**

One of the questions explored in the semi-structured interviews concerned the link between the adoption and implementation of sound Performance Management principles and the sector's capacity to win contracts and deliver services. The question sparked some discussion around the need to demonstrate that the sector could meet the required quality standards to win contracts and, therefore, the two HR Managers had argued, greater investment was needed to professionalise the sector's approach to Human Resource Management (Parry and Kelliher, 2009). This same point made earlier by Hudson (2003), that in order to gain a share of Public Sector contracts and

have the organisational capacity to deliver the contracted services, organisations must invest more in their 'people, systems and infrastructure'. However, as has been argued above, other 'professionalisation' agendas have also contributed to the sector's ability, effectiveness and capacity, particularly the Clinical Governance Process which has contributed to organisational improvement. Voluntary organisations have obviously become more involved in the provision of public services, hospices being no exception with the government's 'end-of-life care' agenda and an increased understanding and awareness of palliative care. What is less obvious however is the relationship between organisational capacity and effectiveness and the views of those commissioned to deliver the services.

As part of this analysis process the following question was put to one of the HR Managers and the Director of Nursing: 'Can you see any link between good performance management principles and an increase in our sector's capacity and capability to win contracts and deliver services?'

HR Manager: "Absolutely, just look at the changes that have been made across the sector in training and developing staff for example ... how much money is being invested now compared to a few years ago. We had to put our house in order with regard to recruitment and selection of staff, develop skills and knowledge frameworks. Twenty years ago hospices were doing their own thing with very little state support, the idea that we would have service level agreements and provision contracts was exactly that, just an idea. I think we have certainly developed the capability to provide services to the NHS ... capacity may be another matter, we're pretty stretched financially and we occasionally struggle to recruit suitably qualified and experienced staff."

Director of Nursing: "Yes, I think the introduction of Agenda for Change as part of the NHS restructuring, with a complete job evaluation exercise is a good example of sound performance management principles at work and was a catalyst for change within the hospice movement as it was in the NHS. Those of us who transferred from the NHS to work in palliative care in hospices like ours didn't want a cosy, almost paternalistic approach to staff management. We had to get ready for changes in commissioning for example and new service provision contracts coming down the pipe-line ... the last ten years have seen some important changes in how services are provided and ... would

the quality standards have been achieved without an overhaul of our management and HR practices and policies? I don't think so. However, what I would like to just highlight that we haven't worked hard to create an environment of excellence ... improving the quality of our services and safeguarding high clinical standards just to please the commissioners and win contracts you know ... we know why we do what we do and we know for whom ... we are here for our patients and they were here first.'

### **Conclusion**

There is a gap between capability and capacity, identified by the HR Manager, which highlights two key areas of concern for the hospice movement, namely financial restrictions and the ability to recruit appropriately trained staff. This is an area for greater government investment as more and more is being asked of the Voluntary Sector with extra resources not forthcoming in the present economic and political climate.

The final word in the analysis of this theme is that of the Director of Nursing whose comments are pertinent to the whole HRM debate at its interface with the hospice movement in particular. 'We know why we do what we do and we know for whom.'

A poignant reminder of that which is lacking in the paucity of the literature available on this specialist area within the Voluntary Sector

### **Staff Experiences of Appraisal.**

As previously noted some research has indicated that historically staff experiences of appraisal have been rather negative with de-motivation and disillusionment a common response. (Bratton and Gold, 2007). The literature reviewed above provides a catalogue of critical views – managers ill-prepared, inconsistent in approach, bureaucratic, costly, waste of time etc. However, following Gold (2007), the link between remuneration/reward and management appraisals is asserted as remaining strong for many staff members and remains a powerful motivational issue. This view is open to challenge and is not confirmed by other sources, although two of those interviewed for this research felt that financial reward or bonus for 'an exceptional job well done' should be included as an aspect of the appraisal system.

Until a few years ago the North West England Hospice conducted an annual Individual Performance Review (IPR) of all staff. The structure of the IPR, from a policy perspective, was established in order to assess performance, set goals and targets, and identify training needs. However, the company also used the exercise to record unsatisfactory performance or behaviour for possible use in any disciplinary process. That was the policy aim, with hopefully the emphasis being on improving performance, motivation, staff development, identifying potential which would assist in succession planning, that is, focussing resources on those who would be most likely to respond positively to the review process. (Fletcher, 2000).

However, reflecting the historical perspective identified in some of the literature reviewed, understandably, the staff maintained a somewhat negative view of the appraisal system. Particularly the non-care administrative and income generation staff were not really sure what the company was trying to achieve and doubts were expressed that some managers lacked the counselling skills and/or the training necessary to conduct an IPR effectively and offer constructive feedback. (Some research continues to suggest that there is wide-spread employee dissatisfaction in relation to the line-manager's role in their organisation's performance appraisal system. (Purcell and Hutchinson, 2007). (Redman, 2006)).

This last point raises issues of trust and transparency, not strong themes in the literature, but which need to be addressed as they underline key elements of any effective appraisal system.

What appears to have been lacking in the Hospice was any sense of a positive relationship between the staff and the management group. Hutchinson and Purcell (2003) stressed the importance of such a relationship – the vital role of front line managers in people management – where, carried out sensitively, the performance appraisal could be an important vehicle in developing and maintaining this relationship. More research needs to be done in this area to follow up the research of Hutchinson and Purcell and others in the area of leadership and management relationships as they relate to staff experiences of appraisal.

## **Conclusion**

There is however a growing body of evidence, cited above, that staff experiences can equally be positive, moving from disillusionment to professional and personal development opportunities. There are questions here therefore around staff engagement and expectations in terms of learning and growth, self worth and increased confidence. Can increased quality in staff performance be identified and is there evidence of staff taking more responsibility for their own abilities and behaviour? Is there, as a consequence of an effective appraisal process, evidence of increased job satisfaction and higher retention rates?

## **Limitations of the Research**

Some of the questions posed above may become the subject of future research as there is undoubtedly more work needed to be undertaken if the question in the title of this research is to be answered. 'A fine romance?' The question was asked in order to explore the relationship between Performance Management and the changing contractual scene facing the Voluntary Sector in general and two hospices in particular.

It is not an easy marriage and the tensions around Prowse and Prowse's 'Politics of HRM' and the lack of empirical research in employee high commitment and motivation will need further research

The study would have benefited from a larger sample group with a combination of methods of data gathering. A longitudinal study for example following the outcomes of new appraisal systems in a variety of settings may provide a deeper insight into levels of employee engagement with the process. A quantitative study from a positivistic approach examining the successful, or not, securing of Public Sector contracts may suggest that other factors, alongside Performance Management principles and techniques, need to be considered.



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